



CITY OF LODI

COUNCIL COMMUNICATION

AGENDA TITLE: Implementation of Industrial Economic Stimulus Rate Credit
To Become Effective with Billing on or After September 1, 1993
(Ordinance No. 1584)

MEETING DATE: August 18, 1993

SUBMITTED BY: Electric Utility Director

RECOMMENDED ACTION: That the City Council adopt the attached ordinance, implementing a rate credit of 4 mills per kilowatt-hour for customers with demands of one megawatt or more, effective September 1, 1993, which will be reviewed January 1995.

BACKGROUND INFORMATION: The California Public Utilities Commission (CPUC) recently revised PG&E electric rate design and reduced large customers' rates. CPUC adjustments included comprehensive changes to PG&E's retail electric rate design and separately approved a temporary 4 mills per kilowatt-hour rate reduction to customers with demands of one megawatt or more. The changes approved by CPUC were generally accomplished on a "revenue neutral" basis (no revenue shift between customer classes). By separate Resolution E-3329, the CPUC approved PG&E's request to provide rate discounts to customers with peak demands greater than one megawatt (1,000 kW) to become effective July 15, 1993.

In order to maintain the City's present competitive advantage with respect to PG&E, it is recommended that the electric rate schedule for our largest customers (Schedule G-5) be reduced by application of a 4 mills per kilowatt-hour discount. The Schedule G-5 rate applies to customers with peak demands greater than one megawatt.

The decrease in anticipated revenue for FY 1993-94 annual period resulting from the above change is estimated to be \$269,774. The funds required to implement the credit for the annual period would come from the Electric Rate Stabilization Fund. This fund was created by the City Council several years ago to accommodate such rate revenue fluctuations. The Electric Utility FY 1993-94 budget projected a deposit of \$122,595 into the Rate Stabilization Fund following FY 1992-93 operations.

This rate change is intended to help attract and keep major employers in the State and in Lodi. No increase for other customers will result from this change. It should be noted that the G-5 customers have all engaged in significant energy conservation efforts which help the Electric Utility keep rates down for all customers.

APPROVED

THOMAS A. PETERSON
City Manager



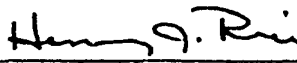
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"Implementation of Industrial Economic Stimulus Rate Credit
to Become Effective with Billing on or After September 1, 1993."
August 18, 1993
Page two

A recommended effective date for the Lodi industrial rate discount is September 1, 1993. Therefore, all bills rendered on or after September 1, 1993 would reflect the 4 mills per kilowatt-hour discount for customers with peak demands above one megawatt. This will require modification of Ordinance 1525, adopted October 16, 1991 setting rates for certain industrial/commercial customers.

An appropriate review of the industrial rate discount should be undertaken early in 1995, after the CPUC has reviewed PG&E's Industrial Economic Stimulus Rate Credit. A report and recommendation could then be made to the City Council and embodied in the FY 1995-96 budget.

FUNDING: Estimated \$269,774 for annual period obtained
from the Electric Rate Stabilization Fund.



Henry J. Rice
Electric Utility Director

Attach. (6)

c: City Attorney
Asst. Electric Utility Director
Manager, Rates & Resources

CPUC Revised PG&E Electric Rate Design And Reduced Large Customers' Rates

- CPUC approved reduction of rates to customers with demands of 1,000 Kw or more
- This rate discount titled "Economic Stimulus Rate Credit"
- The rate discount became effective July 15, 1993

PG&E INDUSTRIAL ECONOMIC STIMULUS RATE CREDIT

- ① Demands of 1,000 Kw or more**
- ② Rate credit of \$0.004 per KWH**
- ③ PG&E rate expires 12/31/1994**

LODI INDUSTRIAL ECONOMIC STIMULUS RATE CREDIT

- ❶ Demands of 1,000 Kw or more
- ❷ Rate credit of \$0.004 per KWH
- ❸ Lodi rate reviewed 1\31\1995

Industrial Accounts Have Significant Impact Upon Lodi Electric System Demands And Revenue:

- Combined Total Demand Of 22 MW
- Combined total energy use of 86,000 MWh
- They represent 23.8 percent of total sales
- All are actively pursuing conservation goals

Revenue Impact Of Lodi Electric System Economic Stimulus Rate Credit :

- Total Annual Period Projected Cost to implement rate credit = \$269,774.04
- The funds required to implement the credit for FY1993-94 would come from the Electric Rate Stabilization Fund
- The Electric Utility deposited \$ 122,595 into the Rate Stabilization Fund this year

Recommended Effective Date For Lodi Industrial Rate Discount:

- Applied to all bills rendered on or after September 1, 1993
- Review rate application January 31, 1995
- Report to City Council regarding future application of rate discount

ORDINANCE NO. 1584

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AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF LODI
AMENDING ORDINANCE NO. 1525, BY MODIFYING THERETO CERTAIN ELECTRIC
UTILITY RATES ESTABLISHED IN MUNICIPAL CODE SECTION 13.20.280
FOR CLASS G-5 INDUSTRIAL CUSTOMERS

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BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF LODI AS FOLLOWS:

SECTION 1. Ordinance 1525 and Section 13.20.280 of the Lodi Municipal
Code are hereby amended to read as follows:

WHEREAS, the California Public Utilities Commission (CPUC) has
revised PG&E electric rate design and reduced large customers' rates;
and

WHEREAS, CPUC approved a temporary 4 mills per kilowatt- hour
rate reduction to PG&E customers with demands of one megawatt or more
effective July 15, 1993;

WHEREAS, The City's present competitive advantage with respect to
PG&E would be maintained with an appropriate adjustment to customers
with demands of one megawatt or more; and

WHEREAS, such large customers are presently combined within the
Lodi Electric Rate Schedule G-5; and

WHEREAS, the City supports the CPUC desire to attract and keep
such major employers in the State; and

WHEREAS, these large customers in Lodi have engaged in
significant energy conservation efforts which have helped maintain low
rates for all City electric customers; and

WHEREAS, the anticipated decrease in revenue over an annual period resulting from this rate reduction is \$269,774; and

WHEREAS, such revenue reduction can be offset with revenue from the existing Electric Rate Stabilization Fund; and

WHEREAS, an appropriate effective date for implementation of this rate discount would be September 1, 1993; and

WHEREAS, review and recommendation for future disposition of the large customer discount would be made in January 1995.

NOW, THEREFORE, BE IT ORDAINED by the City Council of the City of Lodi that Ordinance 1525 is hereby amended by adding thereto a rate adjustment to be known as the "Industrial Economic Stimulus Rate Credit" of 4 mills per kilowatt-hour for customers with demands of one megawatt or more (Class G-5) to become effective with billings on or after September 1, 1993 and be reviewed January 1995.

SECTION 2. All ordinances and parts of ordinances in conflict herewith are repealed insofar as such conflict may exist.

SECTION 3. This ordinance shall become effective upon final passage and is for the usual and current expenses of the City and is adopted pursuant to Government Code Section 36937(d). These rates shall be in effect for all bills prepared on or after September 2, 1993.

SECTION 4. This ordinance shall be published one time in the "Lodi News Sentinel", a daily newspaper of general circulation printed and published in the City of Lodi.

Approved this day of

PHILLIP A. PENNINO
Mayor

Attest:

JENNIFER M. PERRIN
City Clerk

=====

State of California
County of San Joaquin, ss.

I, Jennifer M. Perrin, City Clerk of the City of Lodi, do hereby certify that Ordinance No. 1584 was introduced at a regular meeting of the City Council of the City of Lodi held August 18, 1993 and was thereafter passed, adopted and ordered to print at a regular meeting of said Council held _____, 1993 by the following vote:

Ayes:	Council Members -
Noes:	Council Members -
Absent:	Council Members -
Abstain:	Council Members -

I further certify that Ordinance No. 1584 was approved and signed by the Mayor on the date of its passage and the same has been published pursuant to law.

JENNIFER M. PERRIN
City Clerk

Approved as to Form

BOBBY W. McNATT
City Attorney

CITY COUNCIL

PHILLIP A. PENNINO, Mayor
JACK A. SIEGLOCK
Mayor Pro Tempore
RAY C. DAVENPORT
STEPHEN J. MANN
JOHN R. (Randy) SNIDER

CITY OF LODI

CITY HALL, 221 WEST PINE STREET
P.O. BOX 3006
LODI, CALIFORNIA 95241-1910
(209) 334-5634
FAX (209) 333-6795

THOMAS A. PETERSON
City Manager
JENNIFER M. PERRIN
City Clerk
BOB McNATT
City Attorney

August 19, 1993

MR ROBERT K WHEELER, PLANT MANAGER
GENERAL MILLS INC
CALL BOX 3002
LODI CA 95241-1906

Enclosed is a copy of revised electric rate Schedule G5, General Service - Group 5 Commercial/Industrial and my City Council Communication.

In recognition of the need for the City's Electric Utility (and its electric customers) to remain competitive, the City Council has implemented an "Economic Stimulus Rate Credit" for customers on Schedule G5. The credit will be \$0.004 per kilowatt-hour for bills prepared on or after September 1, 1993. The credit is to remain in effect through January 1995 at which time all rates will be reviewed as part of FY 1995-96 budget preparation process.

It is also recognized that customers on Schedule G5 have been those with the most areas for potentially cost-effective electric power conservation activities. We will be contacting all such customers in the future to pursue additional conservation activities with the City.

Based on your previous usage, we have calculated the resulting cost decrease on an account by account basis. Should you desire this or other rate related information, please contact Jim Doyle, your Senior Electric Utility Rate Analyst, at 333-6811.



HENRY J. RICE
Electric Utility Director

Enclosures (2)

c: Eric A. Vanhove, General Mills w/enclosures
Wade Broughton, General Mills w/enclosures
City Councilmembers
City Manager
Asst. Electric Utility Director
Manager, Rates and Resources
Senior Electric Utility Rate Analyst

CITY COUNCIL

PHILLIP A. PENNINO, Mayor
JACK A. SIEGLOCK
Mayor Pro Tempore
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BOB McNATT
City Attorney

August 19, 1993

MR JOHN VATSULA
MAINTENANCE AND OPERATIONS
LODI UNIFIED SCHOOL DISTRICT
31 N PACIFIC AVE
LODI CA 95242

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HENRY J. RICE
Electric Utility Director

Enclosures (2)

c: Mike Matranga, Mechanical Supervisor w/enclosures
City Councilmembers
City Manager
Asst. Electric Utility Director
Manager, Rates and Resources
Senior Electric Utility Rate Analyst

CITY COUNCIL

PHILLIP A. PENNINO, Mayor
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BOB McNATT
City Attorney

August 19, 1993

MRS VICKIE VAN STEENBERGE
PRESIDENT
LODI IRON WORKS
830 S SACRAMENTO ST
LODI CA 95240

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Enclosures (2)

c: Mike Van Steenberge w/enclosures
City Councilmembers
City Manager
Asst. Electric Utility Director
Manager, Rates and Resources
Senior Electric Utility Rate Analyst

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BOB McNATT
City Attorney

August 19, 1993

MR LARRY CLAY
PRESIDENT
PACIFIC COAST PRODUCERS
P O BOX 1600
LODI CA 95241

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City Manager
Asst. Electric Utility Director
Manager, Rates and Resources
Senior Electric Utility Rate Analyst